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SUBJECT: EL SALVADOR'S NATIONAL STATISTICS SYSTEM UNDER REVISION

¶1. (SBU) SUMMARY. The Director of El Salvador's statistics and census bureau (DIGESTYC) detailed past government interference in government statistics and the major changes the Funes Administration is considering for El Salvador's National Statistics System. First, the GOES is investigating ways to reduce political interference in statistical collection and reporting. Second, the GOES would like to move to an integrated statistical and geomatic system under an independent agency. Meanwhile, the GOES is moving ahead with a long-planned new Consumer Price Index (CPI) and has released new population figures. The creation of an independent agency and overall plans for statistical reform should lead to an improved system, but the unification of map and census data has the potential for abuse. END SUMMARY.

¶2. (U) Miguel Corleto, Director of the General Directorate of Statistics and Census (DIGESTYC) of the Ministry of Economy, told EconLES that Alex Segovia, Technical Secretary of the Presidency (Chief of Cabinet) has a strong interest in reform of national statistics and the creation of an independent National Institute of Statistics. A Ministerial-level commission and a technical counterpart are overseeing statistical reform, including ways to reduce political interference. In the longer term, Corleto said the GOES hopes to move to a modern geographic information system unifying both statistical data, especially from the census, with the latest cartographic and geomatic data.

¶3. (SBU) Corleto, a career government statistician who held the same position in the Saca Administration, confided that the previous administration had stopped him from publishing certain economic statistics that could have affected either the 2009 elections or basic economic indicators like GDP. For example, a completed but never published agricultural census showed that El Salvador has approximately 395,000 small agricultural producers, but the Ministry of Agriculture was claiming during the campaign that its programs were benefiting 500,000 small agricultural producers. Corleto said there were particular concerns about the accuracy of the Central Bank's GDP figures, which would also affect debt and deficit levels. A commission including DIGESTYC, the Central Bank, and the Ministry of Finance are now working on a reassessment of GDP data.

¶4. (U) Corleto stated that DIGESTYC is working on a new "basic basket," which is used to measure the poverty line, based on a methodology developed by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). El Salvador's new Consumer Price Index (CPI), which has been in development for more than two years (reftel), will be released in 2010. DIGESTYC is also issuing a revision to the 2007 Census, which will put El Salvador's population at approximately 6.1 million, a 350,000-person increase from their original estimate.

¶5. (SBU) COMMENT: Corleto's description of political interference in government statistics tracks what a number of Salvadoran economists

had told us prior to the March 2009 election. For the most part, this amounted to indefinitely delaying the release of statistics, rather than tampering with the underlying data. In the case of the Central Bank's GDP figures, however, the private sector publicly disputed the figures, and prominent economists expressed doubts. Former Central Bank President Rafael Barraza confided to Econoff that he thought the GOES was "just making it up." The move to an independent statistical agency, which has been promised by the last three Presidents, and overall reforms including a more modern CPI should lead to a better system. Former Minister of Economy Miguel Lacayo has cautioned, however, that linking detailed household census data to map data could provide a tool to be abused by the current GOES, or the FMLN. END COMMENT.

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